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Address by W. G. Finn, Director of the East Central Division, Agricultural Adjustment Administration, at the annual convention of the National Crushed Stone Association, Cincinnati, Ohio, February 1, 1939.

I am glad to have this opportunity to discuss with you provisions of the 1939 Agricultural Conservation Program with particular reference to the use of limestone.

This is the third consecutive year that a representative of the Agricultural Adjustment Administration has attended your annual convention, and we welcome these occasions for exchanging views upon problems of mutual interest.

Although the Agricultural Conservation Programs of the Department of Agriculture have not been in effect for a sufficient length of time to foresee some of the far-reaching effects which ultimately will be brought to bear upon soil improvement and conservation, there are certain accomplishments which are now evident. One of these is the increased use of all kinds of agricultural liming materials.

In this talk I am relying largely upon information which applies specifically to the East Central Region (Kentucky, Tennessee, North Carolina, Virginia, West Virginia, Maryland, and Delaware). However, since similar results have been obtained in many other parts of the country, I feel that the principal part of the discussion will have general application.

Prior to 1930, the maximum quantity of limestone used in the 7 States referred to was not more than 1,000,000 tons a year (expressed in terms of limestone equivalents). During the years 1932 and 1933, the amount used dropped to less than 500,000 tons a year. With the improvement of agricultural income in the years immediately following, farmers increased their purchases of lime.

But it was not until 1936, when the first Agricultural Conservation Program was inaugurated, that the quantity of limestone used in the East Central Region exceeded the peak of years prior to the depression. In that year, a total of 1,400,000 tons was used. The following year, 1,900,000 tons were used, and information now available indicates that the quantity of lime used in the Region in 1938 may approach 2,500,000 tons. In other words, the quantity of limestone used in the East Central Region last year was approximately two and one-half times the quantity which was used in the peak years prior to the Agricultural Conservation Programs.

Unquestionably a large part of this increase is attributable to the soil-building payments provided by the Program for the application of limestone. It is estimated that in 1937 nearly seven-eighths of the limestone used in the East Central Region was paid for as a soil-building practice. However, in addition to the direct influence of the payments for lime itself, there are also a number of indirect influences which are exceedingly important. These include the encouragement which the Program gives to the increased use of phosphate, the seeding of more and better varieties of legumes, and the improvement of farmers' buying power. It is well known that limestone alone or phosphate alone are neither as effective as when the two materials are used together. Consequently, the great stimulus which has been given by the Program to the use of superphosphate in connection with soil-conserving crops and pastures has had a marked effect upon applications of limestone. It is pointed out in this connection that whereas before 1936 only limited amounts of phosphate were used for these purposes, the quantity of phosphate used under the Agricultural Conservation Program, in the East Central Region (expressed in terms of 16 percent equivalent) was 47,000 tons in 1936, 126,500 tons in 1937,

and an estimate of 230,000 tons in 1938.

Approximately 20 percent of the 1938 payments for soil-building practices in the East Central Region will be for lime, and approximately 12 percent for phosphate. Similar effects upon the use of lime have been brought about by increased acreages of legumes such as alfalfa and clovers that require lime for successful production.

It is often said that farm income is a reliable barometer of the sale of fertilizer and agricultural limestone; that is, when farm income is up one year, the income of the fertilizer and agricultural lime industry is up the following year, and vice versa. I take it that you men are well aware of these relationships and are intensely interested in the farm problem.

Federal and State agencies have been active in research and educational work for the assistance of farmers for more than half a century. In recent years Congress has directed the Federal Government to assist farmers by taking direct action designed to influence farm prices and farm income. The Farm Board attempted to maintain farm prices for a few major commodities by making loans above the market. The result of this undertaking convinced the majority of farm leaders that the most practical way of improving farm income was to regulate production or marketing. Consequently the Agricultural Adjustment Act of 1933 was enacted.

This legislation was designed to meet a grave national emergency. It was based upon a frank recognition of the fact that the economic conditions in agriculture were impoverishing and impeding general business activities. Measures were put into effect to restore motion to the wheels of industry and to lift agriculture from the depths to which it had fallen.

The production adjustment phase of the programs was invalidated by a decision of the United States Supreme Court on January 6, 1936, because the processing taxes levied and the adjustment programs were linked together in the act. Shortly after this decision the Soil Conservation and Domestic Allotment Act was enacted, and under it were formulated the Agricultural Conservation Programs of 1936 and 1937. Then, about a year ago, Congress passed the Agricultural Adjustment Act of 1938 which amended and supplemented the 1936 Act.

The 1939 Agricultural Conservation Program, as well as the program last year, was formulated under this legislation. Broadly stated, the objectives of these programs are: (1) to encourage better land use and improve soil fertility; (2) to maintain a balance between supplies and consumption of farm products that will protect farm income; and (3) to safeguard the interests of consumers by adequately providing for their needs of food and fiber crops at all times. It is well known that wide fluctuations in the production and prices of cash crops mean not only instability for the farmer, but also disruption of businesses related to agriculture and an uneven flow of products to consumers.

The program sets up national acreage goals for specified soil-depleting crops, including wheat, corn, tobacco, cotton, peanuts, potatoes, and commercial vegetables. It also sets up goals for conservation land uses and establishes means for the promotion of desirable soil-building practices. As it applies on an individual farm, the program operates through a system of payments which partially reimburse farmers for their costs in contributing toward the attainment of these goals. Full payments are made to farmers whose plantings of depleting crops are within their acreage allotments and who carry

out sufficient soil-building practices to meet the soil-building goals for their farms. Farmers who exceed their acreage allotments or fail to achieve their soil-building goals qualify for only partial payment, or for no payment, depending upon the amount of performance rendered.

The payments in connection with acreage allotments are computed on the basis of the farm yield per acre for each commodity at specified rates per unit. The payments in connection with soil-building practices are based upon the acreage of cropland on the farm (excluding acreage in special crop allotments), the acreage of commercial orchards, and the acreage of eligible non-crop open pasture land.

The soil-building goal for each farm includes one practice unit for each \$1.50 in the payment computed with respect to soil-building practices. A schedule of valuations in terms of units is set forth for the various practices, the credit for each practice depending in part upon the cost required to carry it out and in part upon the need for its promotion. For example, the seeding of an acre of alfalfa is given two units of credit, whereas seeding an acre of timothy or redtop is credited at only one-half unit. Credit for the application of lime varies from one unit per ton (ground limestone basis) in areas where the average cost is not more than \$2.00 per ton, to a unit for each 600 pounds where the average cost exceeds \$5.00 per ton. This credit for limestone, incidentally, represents some increase over the rate provided under the 1938 Program, that is, in many areas a smaller number of pounds will be required to equal a unit in 1939 than was the case in 1938.

A full list of the 1939 soil-building practices which, in States where they are adapted, will qualify for payment in the East Central Region is as follows:

- Application of phosphate (except in connection with depleting crops)
- Application of potash (except in connection with depleting crops)
- Application of ground limestone, or its equivalent
- Terracing
- Reseeding depleted pastures
- Seeding specified legumes and grasses
- Green manure crops
- Improving a stand of forest trees
- Planting forest trees
- Contour listing or furrowing non-crop pasture land
- Stripcropping

The Soil Conservation and Domestic Allotment Act authorizes the Secretary of Agriculture to promote soil conservation by making grants of aid as well as by making cash payments to farmers. First experiments in this field were made in the year 1937 when the Department entered into an agreement with the Tennessee Valley Authority whereby triple superphosphate produced by the T.V.A. was furnished to farmers as a grant of aid. Under this project 25,083 tons of material were furnished by the A.A.A. to approximately 36,500 farmers. The arrangement proved satisfactory to all concerned, and a similar project was carried out in 1938. In addition to 36,125 tons of triple superphosphate purchased from the Tennessee Valley Authority in 1938, 30,737 tons were obtained from commercial sources, making a total of 66,862 tons furnished by the AAA last year. This project is being continued under the 1939 Program on an expanded basis.

Experiments were conducted in 1938 in furnishing as grants of aid winter legume seeds in 16 counties of the Southern and East Central Regions, and liming materials in 25 counties of the Northeast and East Central Regions. The total quantity of winter legume seeds furnished was 1,078,000 pounds of Austrian winter peas, and 103,000 pounds of vetch; and the total quantity of lime was approximately 37,000 tons (limestone equivalent). Results of both

these experiments were highly encouraging. For example, in the four North Carolina counties for which data are available, the acreage seeded to winter legumes was increased more than sixfold over that seeded in any previous year. Marked increases also occurred in the use of limestone in those counties where it was furnished as a grant of aid.

It is expected that a considerable increase will be made in the area in which limestone is furnished as a grant of aid under the 1939 Program. As of January 31, 1939, bids had been received for material to be furnished farmers in 20 counties of West Virginia and 66 counties in the Northeast Region. Work of preparing specifications and invitations for bid is under way for several additional areas. Most of you know, I am sure, that all these materials are obtained under contracts awarded to the lowest bidder. Invitations are sent to all producers of liming materials of which the Department has record.

In the development of grant of aid projects for lime it is felt that, in general, principal consideration should be given areas in which local sources either are lacking or inadequate. This does not suggest that, insofar as the East Central Region is concerned, the liming needs of soils in other areas of the Region have been met. In this connection, notwithstanding the fact that lime applied in the Region in 1938 was two and one-half times the amount used during the best years of 20's, it is likely that around three times the 1938 quantity would be needed to meet minimum lime requirements of the Region's cropland and pasture land in current use.

Work to be done in adequately providing for the needs of agricultural liming materials presents a challenge not only to persons connected with the

administration of the AAA but also to those engaged in the sale of these materials. Many farmers apparently are not fully acquainted with the benefits from using the material. Lack of cash too frequently restricts purchases, and suitable credit often is not available. In areas distant from supplies, owing to bulkiness of the material, freight and handling charges generally cause prices to be beyond the reach of many farmers. In many cases, proper spreading are not at hand. There is need for bringing about a better seasonal distribution of the material to the end that plant capacities may be more fully utilized, on the one hand, and that farmers may obtain more material at lower costs per unit on the other.

It is suggested that you study the Agricultural Conservation Program and become acquainted with its provisions and purposes. Your interest in a sound constructive farm program is obvious. If an unsound program is adopted, or if a national farm program is abandoned, the result would almost certainly be a lowered farm income. This would surely decrease your volume of business, as well as the income of other businesses.

I sincerely hope that the fine relationship which has existed between producers of liming materials and the Agricultural Adjustment Administration will continue.